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1 UNITED STATES DISTRICT COURT
1 SOUTHERN DISTRICT OF NEW YORK

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3 UNITED STATES OF AMERICA,

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4 v. 07 Cr. 348 (RPP)

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5 SRINIVAS KASI,

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6 Defendant.

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7

8 January 8, 2008

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9

9 Before:

10

10 HON. ROBERT P. PATTERSON

11

11 District Judge

12

12 APPEARANCES

13

13 MICHAEL J. GARCIA

14 United States Attorney for the

14 Southern District of New York

15 SHARON E. FRASE

15 JONATHAN S. KOLODNER

16 Assistant United States Attorneys

16

17 A. PAUL CONDON

17 KATHLEEN THEURER

18 Attorneys for Defendant

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19 Also present:

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20 JAMES HIGGINS

21 U.S. Department of Agriculture

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818dkas4 Summation - Mr. Condon

1 that?

2 You have seen and heard all of the testimony. My
3 client and I appreciate your patience and your focus and your
4 consideration, but we respectfully submit that when you all
5 retire to deliberate and take your time to go through all of
6 the evidence and consider everyone's opinions, you'll reach a
7 truly just conclusion that this case has led us to, which is
8 that my client is not guilty of these charges contained in the
9 Indictment.

10 Thank you.

11 THE COURT: Thank you, Mr. Condon.

12 Ms. Frase, a short rebuttal.

13 MS. FRASE: Mr. Condon's right, we have thrown a lot
14 at you over the last week and we're almost done. I do have --
15 the government does have one last opportunity to talk to you
16 because it is our burden of proof to prove -- it is our burden
17 of proof to prove these charges beyond a reasonable doubt so
18 I'm going to hit a few key points.

19 First, Lokesh Bhat. Now, Kasi operated two businesses
20 at Akhila, one was illegal, one was legal. He started both of
21 them. He profited from both of them. But he profited more
22 from the illegal one. That illegal one was the food stamp
23 fraud.

24 Mr. Condon stood up here and he said Mr. Kasi wasn't
25 involved with what was going on at Akhila because he was out by

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818dkas4 Rebuttal - Ms. Frase

1 2005. He pointed you to the partnership agreement that
2 Mr. Bhatia had talked about today on the stand. But you know
3 that is not true. The agreement with Bhat was a little more
4 than a sham. And how do you know that? Bhat may have worked
5 in the store but he didn't run the business like he was
6 supposed to under the terms of the agreement. Kasi did.
7 Kasi maintained control of all the bank accounts; most
8 importantly, the Valley National Bank account. That's where
9 all the EBT transfers went in, all the way up through 2007.
10 Look at those records, which are in evidence. You'll see, like
11 I said, that they went to Kasi's apartment, that he was the
12 only signatory.
13 But also look at the agreement and what it says about
14 Mr. Bhat's responsibilities for doing things like paying rent
15 and utilities. Look at the checks that are drawn on the Valley
16 National Bank account in 2006 and I think even in 2007. Kasi
17 is the one paying rent on these store, paying Con Ed, paying
18 the utility bills, making payments to vendors like P. East
19 Trading and Goya Food. Puttaramu told you that he reported on
20 the financial operations to Kasi, not Bhat. Bhat may have
21 tried to fire him on a couple of occasions, but when it came
22 back to coming back to the store, he went to Kasi and every
23 night he gave a rundown of the day's accountings to Kasi. What
24 did Kasi do the next morning? He gave Puttaramu money to run
25 the business.

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1 Now, if you have any doubt that this supposed business
2 arrangement where Kasi washed his hands of Akhila is false,
3 look at Government Exhibit 53, which is the letter that Kasi
4 had his attorney send to Bhat in July of '07. This letter
5 shows that the agreement, the stock purchase agreement, was not
6 for real, the additional agreement that they entered into.

7 In the letter -- and you'll have a chance to read this
8 when you deliberate -- Kasi, through his attorney, complains
9 about payments of \$3,000 a month that Bhat was supposed to pay
10 to him. But he can't be serious, right, because Kasi
11 controlled the bank accounts into which all the money for the
12 business went? So how could Bhat pay Kasi \$3,000 a month?

13 And Puttaramu was Kasi's right-hand man. He was
14 taking the left over cash out of the till at the end of every
15 day, 1 or \$2,000 I think he said, bringing it home, settling
16 the account to Kasi, bringing the money back together. They
17 lived together, after all.

18 Why did he complain to Bhat about this, after all this
19 time in July of 2007? That was only after Bhat and Puttaramu
20 had been arrested, which Puttaramu told you was in April of
21 2007.

22 Ladies and gentlemen, this letter is designed to make
23 sure that someone thinks that Kasi didn't know what was going
24 on. But you can see through this letter and you can see
25 through the agreement.

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1 As I mentioned, the same is true of the bank records.
2 They tell the real story. Look at the signatures on the checks
3 and on the account opening documents, 18A, 16A, etc. The
4 account opening documents for the bank accounts were all
5 labeled with the same numbers as the accounts but with an A
6 afterwards. You don't need anyone to tell you when you look at
7 Kasi's signature, that is his. It is very unique. It has the
8 K and the S and it is kind of self-contained little initials.
9 Very distinctive. Puttaramu said he saw him sign it all the
10 time, almost every day.

11 So how do we know Puttaramu wasn't taking cash out?
12 After all, he was allowed to go to Valley National, he had the
13 Citibank card to make transfers. Well, you know, because,
14 again, Kasi got all the bank statements at his house, and
15 Puttaramu testified that he kept a tight rein on the finances.
16 He had to bring that notebook. He had to show him where every
17 dollar went, and Kasi would have noticed if something was
18 missing. But forget the notebook, if Puttaramu had drawn a
19 check on cash from Valley National Bank or some money was
20 missing at the end of the day, he was answerable for it.

21 And Kasi would have stopped Puttaramu from going to
22 the bank or taking responsibility for carrying cash to and from
23 the apartment and, as Puttaramu told you, that never happened.

24 Instead, Kasi was writing checks every day, or, I'm
25 sorry, twice a week in the first early part of the month when

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1 the food stamp business was really cooking, when they ran out
2 of money in the middle of the day, Kasi was writing checks and
3 walking with Puttaramu to the bank and handing over cash.
4 Don't you think if he didn't know what was going on, he would
5 be asking some questions like what's this money for, or, boy,
6 you guys really should slow down, I don't even know what you're
7 spending this money on? I mean, after all, it's his money.
8 But he doesn't do that, and he doesn't do that because he knows
9 exactly what the money is for.
10 And Kasi and Puttaramu don't need to discuss over the
11 phone, and Lokesh and Kasi don't need to discuss over the phone
12 why Puttaramu was coming downtown to midtown to pick Kasi and a
13 check up and go get cash. They don't need to discuss it
14 because the fraud started, like we showed, back in 2004, and
15 Kasi knew what it was for. So of course they are not going to
16 have discussions over the phone. They're going to give him a
17 number, tell him what they need for that day, and go and get
18 it.

19 Ladies and gentlemen, let's take a look at the big
20 picture here. Who stood to benefit from this fraud? Kasi. He
21 controlled the purse strings so he stood to make the money.
22 And why did the business grow the way it did from '04
23 to '07? As I said earlier, he started the fraudulent business.
24 It started out small in 2004. Kasi stepped back from the
25 business, yes, at the time where it really began to take off,

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1 but he kept his hand in the profits. And if you think about
2 it, your common sense tells you, pretty smart. Bring in
3 someone else to do the illegal transactions at the counter but
4 continue to benefit by retaining control over the money.

5 So it makes sense that Kasi stood to benefit from the
6 fraud. But, more importantly, if Puttaramu and Bhat are acting
7 on their own, where is the financial benefit to them? They're
8 supposedly stealing money while they're working at the store
9 that they can't get their hands on. Why is that? Because they
10 hand \$70 to the customer. They don't have enough to then
11 pocket another \$30. They don't even have enough to cover the
12 70 out of every hundred dollars they hand to the customer. So
13 that \$70, the \$30 commission and whatever the legitimate food
14 sales run, that's getting deposited into Valley National Bank.
15 Yes, Lotto customers are coming in with cash, but they have to
16 hand that cash out in the form of the payments to the food
17 stamp recipients.

18 The only people who can really withdraw money out of
19 that bank account without any involvement from anyone else are
20 Kasi. And, of course, Puttaramu, who lives at Kasi's house, is
21 in the United States illegally, he has nowhere to turn, he's
22 depended on Kasi for his livelihood, his food, his room, his
23 board, and basically goes to and from the house every day and
24 doesn't have a lot of options outside of doing what Kasi says.

25 Now, again, Lokesh's name, Lokesh Bhat's name appears

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1 nowhere on any of the Valley National Bank checks, certainly
2 not his signature, but you should look through all of those
3 checks and see where any payments to Lokesh are.

4 Now, you do know what the costs of goods sold and what
5 the expenses of the store were. You can put together a rough
6 cash flow, financial picture of what was happening at Akhila.
7 You know because of the information that Kasi provided his
8 accountant in 2005 and in 2006. He was giving his accountant
9 this information as late as September 2006. This was long
10 after the supposed stock purchase agreement where he had turned
11 things over. He was at the store. Covington did go and he saw
12 him at the store.

13 Was he there every day? No. Puttaramu told you he
14 wasn't there every day. Was he there on weekends relieving
15 him? Yes. Were food stamp fraudulent transactions happening
16 on weekends at Akhila? Absolutely. The EBT records establish
17 it and prove it.

18 Now, Puttaramu, let's look at the ways that he's
19 corroborated. You don't have to rely entirely on Puttaramu's
20 testimony in this case, but you certainly can rely on it
21 definitely to the extent that other fact in the case show you
22 that what he was saying is true.

23 Now, Covington is someone who corroborates Puttaramu.
24 He has no ax to grind and he might not have been the best
25 accountant in the world, the way he would just drop numbers

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1 into tax returns and not ask Kasi any questions or ask for any
2 underlying documentation or, later on, when he did ask for it
3 but didn't get it, still continue to file returns, OK, fine,
4 he's not the best accountant. But you know, he -- and that
5 explains the audit, by the way. But he has no reason to lie.
6 And when he says -- when Puttaramu says Kasi controls
7 the finances and Covington says I went to Kasi for all this
8 information, you know that that corroborates Puttaramu. Again,
9 Covington, in October 2006, September/October 2006 get all the
10 financials for the tax returns from Kasi. When he goes looking
11 for information from Lokesh Bhat, he comes up short. What does
12 he do? He goes back to Kasi. What does Kasi do? I don't
13 know, Go ask Lokesh. I mean, of course, of course, at this
14 point he want to be as divorced from the business as possible
15 while still getting the benefit of the frauds -- of the fraud,
16 excuse me.

17 Finally, look at Preston Mears. Talk about someone
18 with no connection to this case. He tells you, here are the
19 common ways in my dozens of years of experience that we
20 identify fraud that's happening at the store and he named I
21 think four or five. But particularly, the split transactions,
22 with the time between the transactions, the whole dollar
23 amounts. You know, food purchases at stores are like 3.99 or
24 4.29, they rarely add up to a whole dollar amount. He said he
25 found all of these fraudulent matters in Akhila's records, and

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1 he described the ways in which people will attempt to conceal
2 transactions.

3 What did Puttaramu tell you that they did at the
4 store? They split the transactions up to make them smaller to
5 avoid detection. Look through the records, pick some records
6 up from 2006/2007. They were the ones that I kept trying to
7 pull out of that brown box. You'll see zeros all over the
8 place, just whole dollar amounts. 150 followed by 150. You'll
9 see the numbers, account numbers of the same person using the
10 same card two transactions in a row in an amount that totals
11 more than \$100. Preston Mears told you what that means, and it
12 corroborates Puttaramu.

13 Yes, is Puttaramu trying to get a better deal?
14 Absolutely. The government sometimes has to rely on witnesses
15 who were inside, have an inside job in the fraud because they
16 know what happened. That's part of our evidence of the story
17 of the fraud. But it's not entirely all of the government's
18 evidence.

19 And we submit to you that one final thing you should
20 look at in considering whether or not Mr. Kasi was acting
21 throughout this whole time with knowledge of exactly what was
22 going on and that he was directing it, we would submit that you
23 look at the Commerce Bank records.

24 April 13th, the day after Puttaramu and Bhat are
25 arrested, what does Mr. Kasi do? He wires \$46,000 to his

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1 wife's account in India, having at least, according to the
2 records that you have from Commerce Bank, Valley National and
3 all the other bank accounts he controls, having never done
4 anything like that before, although he did send money overseas.
5 He sent \$46,000 to India the day after his employees were
6 arrested. What does that tell you about how nervous about Kasi
7 is about whether he's next?

8 Ladies and gentlemen, we submit to you that the
9 evidence in this case is overwhelming, that the man sitting at
10 this table was the orchestrator, the architect, the leader, and
11 the perpetrator of this fraud. Yes, Mr. Bhat and Puttaramu
12 were involved. This man benefited the most, and he's guilty of
13 the charges in the Indictment.

14 Thank you.

15 THE COURT: Thank you, Ms. Phrase.

16 MR. CONDON: May I be heard at the sidebar, your
17 Honor?

18 THE COURT: Yes, you may.

19 (Continued on next page)

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